



**UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
REGION IX
75 Hawthorne Street
San Francisco, CA 94105**

SEP 19 2012

Certified Mail: 7008 1140 0004 5240 7135

Wayne Condit, General Manager
Aloha Petroleum, Ltd.
1132 Bishop Street, Suite 1700
Honolulu, HI 96813

Re: Notice of Non Compliance
Aloha Honolulu Terminal
SPCC Case No.: 12-4033
Inspection Date: March 27, 2012
Inspector: Janice Witul

Dear Mr. Condit:

Pursuant to the Oil Pollution Act of 1990, and the associated oil pollution prevention regulations found in Title 40 of the Code of Federal Regulations (C.F.R.) Part 112, a representative of the United States Environmental Protection Agency (U.S. EPA) performed a Spill Prevention, Control, and Countermeasure (SPCC) inspection at the Aloha Petroleum Honolulu terminal at 789 North Nimitz Highway in Honolulu, HI on March 27, 2012. The U.S. EPA has determined that the facility is subject to the requirements of 40 C.F.R. Part 112 because it is a non-transportation related on-shore oil storage facility with a total aboveground storage capacity greater than 1,320 gallons and which, due to its location, could reasonably be expected to discharge oil in harmful quantities into or upon the navigable waters of the United States or adjoining shorelines.

In December 1973, the U.S. EPA issued its oil pollution prevention regulations for non-transportation-related onshore and offshore facilities (40 C.F.R. Part 112). On August 16, 2002, the U.S. EPA amended these regulations to provide clarification to the 1973 regulations and reduce the overall compliance burden on regulated industries. In general, the purpose of the regulation is to prevent oil spills from non-transportation-related facilities by establishing pollution prevention procedures, methods, and equipment requirements for owners and operators of facilities engaged in drilling, producing, gathering, storing, processing, refining, transferring, distributing, using or consuming oil. Information on these regulations and guidance to assist

with your facility's compliance can be found at the U.S. EPA Oil Program website: www.epa.gov/oilspill.

Based on observations made at the time of the inspection, areas of non compliance with the SPCC Rule were identified. The deficiencies are listed below.

Plan Review and Inspection

Observations:

1. Not all oil tanks/containers are shown on facility diagram.
2. Imperviousness of secondary containment area floor has not been adequately addressed. Plan states that containment permeability is a substantial issue for this Facility. (Note - The preamble language from 1974 SPCC regulations concerning older facilities and marginal operations, is no longer a valid argument for conditions at facilities such as this.)
3. Tank testing records were not available for review; these were reportedly still in custody of former Terminal owner.

Requirements:

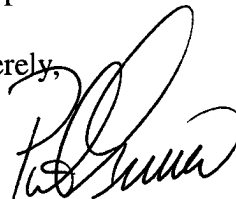
1. 40 CFR §112.7(a)(3)(i) Address in the Plan the type of oil in each fixed container and its storage capacity. For mobile or portable containers, either provide the type of oil and storage capacity for each container or provide an estimate of the potential number of mobile or portable containers, the types of oil, and anticipated storage capacities.
2. 40 CFR §112.7(c) Provide appropriate containment and/or diversionary structures or equipment to prevent a discharge. Per 40 CFR §112.8(c)(2), a secondary means of containment shall be provided for the entire capacity of the largest single container and sufficient freeboard to contain precipitation. You must ensure that diked areas are sufficiently impervious to contain discharged oil. It may be noted that the allowance for small and marginal facilities set down in the 1974
3. 40 CFR §112.7(e) Conduct tests required by this part in accordance with written procedures that you or the certifying engineer develop for the facility. You must keep these written procedures and a record of the inspections and tests, signed by the appropriate supervisor or inspector, with the SPCC Plan for a period of three years.

To verify compliance with the SPCC regulations, please provide evidence to our office within thirty (30) days from the date of this letter that demonstrates your facility's full compliance by addressing the SPCC deficiencies listed above. Electronic copies of documents and other records are preferred.

If you have any questions, please feel free to contact Ms Witul at (415) 972-3089 or witul.janice@epa.gov. We appreciate your cooperation in completing the inspection and your efforts to comply with the SPCC regulations.

Please be reminded that in the event of an oil or hazardous substance discharge to waters of the United States in violation of Section 311(b)(3) of the Clean Water Act (CWA), 33 U.S.C. § 1321(b)(3), the facility owner or operator is required pursuant to Section 311(b)(5) of the CWA, 33 U.S.C. § 1321(b)(5), to immediately report all such discharges. Reports must be made to the National Response Center at 1-800-424-8802. Failure to comply with notification requirements may result in both civil and criminal penalties.

Sincerely,

A handwritten signature in black ink, appearing to read "Peter Guria", written over a horizontal line.

Peter Guria, Chief
Enforcement and Removal Operations Section
Superfund Division

